



## Portfolio Management: 3 Ways to Avoid Losing Money in the Stock Market

### Description

Have you lost money in the stock market last year? Do you know why? Most investors make the mistake of buying when the stock price surges over the fear of missing out. Another common mistake is selling when the stock price is falling over the fear of losing money. Fear is a strong emotion that helps the market juggernauts become rich.

The stock market is a zero-sum game where one person's profit is another person's loss. The rules of the game are simple: buy the dip, sell the rally. It looks easy but difficult to implement as you have to conquer your fears, shut the noise, and listen to your voice. That's the three-step mantra on how *not* to lose money in the stock market.

### Conquer your fears of the stock market

The only fear every investor has is losing money. If you are a fan of kung-fu or *Star Wars* movies, they all say one thing: fear is the greatest enemy. The path to conquering your fears in the stock market is to shield your portfolio with resilient stocks. Warren Buffett does the same. He once said, "Trade knowing that a crash will come but not knowing when that crash will come."

A resilient stock for your portfolio is **Constellation Software** ([TSX:CSU](#)). Even in the March 2020 market crash, when the **TSX Composite Index** plunged 30%, Constellation stock fell just 18%. Since its March 2020 pullback, the stock has surged 44%. In five of the last six years, the stock has surged by the double digits between 15% and 67% every year.

What makes Constellation stock resilient is its diversified portfolio of mission-critical software in niche verticals. Over the last 26 years, Constellation has been acquiring small vertical-specific software (VSS) providers with stable cash flows. Every new acquisition increased Constellation's recurring revenue and profitability.

It has increased its revenue at a compound annual growth rate of 13% between 2016 and 2020. It aims to increase profits rather than gain market share. As the revenue increases, so do its stock price, making it resilient to the market downturn.

## Shut the noise

The main cause of fear is the noise in the stock market. When the pandemic came, investors panicked and sold even some of the most lucrative stocks. The tech stocks are seeing a correction once again as the pandemic situation worsens in some countries. This is the right time to buy the robins that you missed last year.

Buffett [bought](#) 75 million shares of **Apple** in February 2018 when the company came under fire for its iPhone X. He shut the market noise and focused on the robin with strong fundamentals. He knew that Apple will make up for the iPhone X declines with other products and services like MacBook and wearables.

One such robin is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). While the stock fell 27% from its February high, it enjoys the preferred platform status among the retail and hospitality sectors. The retail sector outperformed during the pandemic as people shifted to no-contact purchases. As the lockdown eases, so will retail transactions. But Lightspeed will make up for the weakness in retail with strength in hospitality as more restaurants open.

Moreover, Lightspeed will reap the benefits of the [acquire and expand](#) strategy. Every acquisition will increase its revenue, and that will increase its stock price.

## Listen to your voice about the stock market

The stock market is also about gut feeling. When the whole world ran away from oil stocks Buffett increased his stakes in oil and natural gas. He invested in **Suncor Energy**, **Chevron**, and **Dominion Energy**'s natural gas transmission business knowing that these energy giants wouldn't go bankrupt and would continue to pay dividends. **Enbridge** is a good stock that will give you strength in difficult times through higher dividend yields.

## Final thoughts

The key to making money in the stock market is to have a well-balanced portfolio. If your investments outperform the market and give you timely returns, you can reduce the risk of losing money in the stock market.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Personal Finance
5. Tech Stocks

## TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
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